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ASSOCIATION OF SOUTHEAST ASIAN NATIONS  
AMEMBASSY CANBERRA

C O N F I D E N T I A L JAKARTA 000616

E.O. 12958: DECL: 01/17/2016  
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SUBJECT: AMBASSADOR MEETS WITH PRESIDENT YUDHOYONO

REF: JAKARTA 0615

Classified By: Ambassador B. Lynn Pascoe, Reasons 1.4 (b) and (d)

Summary

1. (C) President Yudhoyono (SBY) told the Ambassador, January 16, of an increased need for regional counterterrorism cooperation, notably in the region of Sabah/East Kalimantan, and that he would welcome U.S. assistance to this end. He asked the Ambassador to work with the Defense Minister and Air Marshall Djoko Suyanto (named that day as the next TNI chief) on building bilateral military-to-military relations and reforming the TNI. SBY wants significant amounts of U.S. military training, exposing TNI personnel to democratic ideals and concepts of international cooperation. He assured the Ambassador of the importance of the Indonesia-East Timor Commission on Truth and Friendship continuing to work, and had so told East Timorese President Gusmao after the recent border shooting incident in which three Indonesians died. He promised to provide views on how the commission could acquire a more international component. SBY said he had ordered the relevant ministries and national oil company Pertamina to close on the Cepu oil field agreement with Exxon-Mobil, and he promised major changes at Pertamina. End Summary

Counterterrorism: More Regional Cooperation Needed

2. (C) Following the call of Mrs. Patsy Spier on President Yudhoyono (SBY) Jan. 16 (reftel), the Ambassador reviewed with SBY the major advances made in bilateral relations over the last year and sought his views on priorities for the coming year. SBY said he had recently discussed with Malaysian Prime Minister Badawi the need for increased CT cooperation between Malaysia, Indonesia and the Philippines. SBY sees the triangle near Sabah/East Kalimantan/Mindanao as a major problem area that needs more work. He said Badawi agreed, and the two countries would look to create a task force to enhance cooperation. SBY said he spoke with President Arroyo about the same issue when they last met in Bangkok. SBY affirmed that he would welcome U.S. assistance in this area. The Ambassador noted that Embassy Jakarta will host a meeting of regional U.S. Ambassadors and Washington representatives to discuss ways for us to help enhance regional CT cooperation.

Mil/Mil: Expose TNI Forces to Democratic Ideals

3. (C) The Ambassador reviewed our approach to enhance military-to-military cooperation, and sought SBY's views on how the two countries might further develop relations in this area. He noted the U.S. plans to focus on helping Indonesia enhance its disaster preparedness, maritime security and systemic reform, but wants to ensure that our proposed agenda matches SBY's. The President responded that he sees his top national priorities as good governance and reconstructing the economy, and would like mil/mil relations to develop properly as well. He had forwarded to Parliament that day the name of

Air Marshall Djoko Suyanto to serve as the new head of the armed forces (TNI), calling him a good man. He told the Ambassador he would task the Defense Minister and Suyanto to work closely with us on military reform and modernization. SBY said that he considered as important training that exposes TNI personnel to democratic ideals and fosters the concept of regional and international cooperation, all issues key to his education in the U.S.

#### Commission on Truth and Friendship to Continue Forward

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14. (C) The Ambassador reminded SBY of the importance of the Commission on Truth and Friendship succeeding in its mission to U.S. support of TNI reform. He briefed SBY on the willingness of the Carter Center to play a role in assisting the commission. SBY responded that the recent border incident resulting in the death of three Indonesians would not prevent the commission from continuing its work, and that he had so told East Timor President Xanana Gusmao during a recent phone conversation. SBY described Gusmao as afraid the incident would end the CTF. SBY said the work of the CTF is more important than a single border incident. He added the commission's work needs more publicity and that it must accelerate the pace of its activities. He would continue to examine which international groups might usefully contribute to the CTF's work, citing the possible inclusion of Australians as well as Americans and others. SBY promised to get back to the Ambassador on a role for the Carter Center.

#### Cepu: SBY Wants a Rapid Agreement

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15. (C) Moving to economic issues, the Ambassador noted that the U.S. hoped to continue finding ways to support his goal of good governance. The USG already funds many programs with that in mind and could assist in others. The Ambassador noted that the U.S.-ASEAN Business Council has come to town and has asked about progress on the prospective agreement on the Cepu oil field with Exxon-Mobil. SBY responded that last week he instructed the Energy and State-Owned Enterprises Ministries and national oil company Pertamina to solve the issue "within a week." SBY asserted that he wants major changes to Pertamina, including a new leadership, "fair" audits, and a new relationship with the government. A fight over distribution of 10 percent of the proceeds of the prospective Cepu agreement to the provinces of West and Central Java had been resolved. The Ambassador noted that Exxon-Mobil had offered a quite generous approach for an "integrated leadership" and that any settlement that put Pertamina rather than Exxon-Mobil in the lead would allow Pertamina to follow its old ways with no positive movement forward.

PASCOE